



October 4, 2018

DMS NOTICE
P – 18 – 04
DISCARD: Retain

TO: WEIGHTS AND MEASURES OFFICIALS

SUBJECT: Settlement – Chevron U.S.A. (“Chevron”), a Pennsylvania Corp.

Attached is a copy of the Final Judgment and Injunction Pursuant to Stipulation issued against Chevron U.S.A. (“Chevron”) operating in California under the name Chevron. The case was filed on August 28, 2018, by the Orange County District Attorney’s Office for selling or delivering, for the purpose of sale and/or assisting in the sale, of any product purported to be diesel fuel that does not conform to ASTM D975 specifications, in violation of California Business and Professions Code (BPC) § 13451, and misrepresenting the quality of any Chevron diesel product in violation of BPC § 17500.

The Injunction contains the following remedies: Chevron must maintain a quality-control program designed to safeguard its diesel fuel so it is not adulterated and conforms to the requirements of California law; Chevron may continue to use its current quality-control program, which requires Chevron’s contracted third-party carriers to use diesel-on-last product loading protocols during the “winter-blend months” as defined by ASTM; Chevron may also use other methods to ensure compliance with California law; and Chevron must maintain and make documentation available upon 72-hours’ notice to the Division of Measurement Standards (DMS) and/or the plaintiff that describes its quality-control program. The injunction ends five years from the date of entry of the Final Judgement.

DMS worked with the Orange County District Attorney on this case. The total settlement was for \$295,335. Civil penalties amounted to \$225,000 to the Orange County District Attorney’s Office. Investigative costs totaled \$55,335. DMS’ investigative costs were \$48,135 and the Orange County District Attorney’s Office costs were \$7,200. *Cy Pres* restitution in the amount of \$15,000 to DMS to be used to enhance the sampling, laboratory testing, investigation and enforcement of fuels, lubricants, and automotive products sold to consumers.

If you have any questions, please contact the DMS Petroleum Enforcement Program at (916) 229-3000.

Sincerely,

Kristin Macey
Director

Attachment

cc: Hyrum Eastman, County/State Liaison, California Department of Food and Agriculture



FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CENTRAL JUSTICE CENTER
AUG 28 2018
DAVID H. YAMASAKI, Clerk of the Court
BY: J. BARRERA DEPUTY

1 TONY RACKAUCKAS, DISTRICT ATTORNEY
2 COUNTY OF ORANGE, STATE OF CALIFORNIA
3 BY: MICHELLE CIPOLLETTI
4 Deputy District Attorney
5 State Bar Number 167191
6 POST OFFICE BOX 808
7 SANTA ANA, CALIFORNIA 92702
8 TELEPHONE: (714) 834-3600

9 **IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **IN AND FOR THE COUNTY OF ORANGE, CENTRAL JUSTICE CENTER**

Judge Richard Lee

11 THE PEOPLE OF THE STATE OF CALIFORNIA,) Case No.: 30-2018-01012455-CU-BT-CJC
12) Plaintiff,) *Filing fees exempt per Gov. Code*
13 vs.) *§6103*
14 CHEVRON U.S.A., a Pennsylvania Corporation,) **[PROPOSED] FINAL JUDGMENT**
15 Defendant(s).) **AND INJUNCTION PURSUANT**
16 **TO STIPULATION**

17 Pursuant to a stipulation between the parties herein, THE PEOPLE OF THE STATE OF
18 CALIFORNIA ("Plaintiff"), by and through Tony Rackauckas, District Attorney of the County
19 of Orange, and Michelle Cipolletti, Deputy District Attorney, and Defendant CHEVRON U.S.A.
20 INC., a Pennsylvania Corporation (hereinafter "Defendant"), appearing through its attorneys
21 Steptoe & Johnson, LLP, by Jason Levin, have agreed to resolve this action and all issues raised
22 by the Complaint without litigation. Accordingly, Plaintiff and Defendant have further stipulated
23 that this Final Judgment Pursuant to Stipulation (hereinafter referred to as "Judgment") may be
24 entered without taking any evidence, without any admission of liability or fault by defendants,
25 and without trial or adjudication of any issue of law or fact. The parties will be deemed to have
26 waived their right of appeal upon entry of the Order in the form provided, and to have approved
27 the Final Judgment as to form and content.
28

1 Based on such stipulation and for good cause appearing,

2 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

3 **JURISDICTION**

4 1. This Court has jurisdiction over the parties to, and the subject matter, of this
5 lawsuit, venue in this Court is proper, and this Court has jurisdiction to enter this Judgment.

6 **APPLICABILITY**

7 2. The injunctive provisions of this Judgment and all references to Defendant in the
8 injunctive provisions of this Judgment apply to Defendant Chevron U.S.A. Inc. and its
9 successors and assigns.

10 **INJUNCTION**

11 3. Effective upon entry of this Judgment, Defendant is enjoined and restrained from
12 violating the following acts or practices:

13 A. Selling or delivering for purposes of sale and/or assisting in the sale of any
14 product purported to be diesel fuel that does not conform to ASTM D975 specifications,
15 in violation of Cal. Bus. & Prof. Code § 13451.

16 B. Failing to ensure that the flash point of diesel refined by Chevron and
17 delivered by Chevron's contracted third-party carriers to Chevron-branded stations in
18 California remains at required levels.

19 C. As alleged in the Complaint, misrepresenting the quality of any Chevron
20 diesel product in violation of Bus. & Prof. Code § 17500.

21 4. Any successor statute or renumbered statute will have the same force and effect
22 as the statutes cited in this Final Judgment.

23 **QUALITY-CONTROL PROGRAM**

24 5. Chevron will maintain a quality-control program designed to safeguard that the
25 diesel fuel that it refines, and that is delivered by Chevron's contracted third-party carriers to
26 Chevron-branded stations in California, is not adulterated and conforms to the requirements of
27 California law. Chevron may continue to use its current quality-control program, which
28 requires Chevron's contracted third-party carriers to use diesel-on-last product loading

1 protocols during the "winter-blend months" (as defined by ASTM). Chevron may also use
2 other methods to ensure compliance with California law. Chevron must maintain
3 documentation that describes its quality-control program and related driver training. Chevron
4 must maintain such documentation and make such documentation available to the Department
5 of Measurement Standards and/or plaintiff upon 72 hours' notice.

6 **CIVIL PENALTIES AND COSTS**

7 6. Within 15 business days following execution of the Stipulation by the Parties,
8 unless another date is agreed upon by the Parties, Defendant must pay a total of TWO
9 HUNDRED NINETY-FIVE THOUSAND THREE HUNDRED THIRTY FIVE DOLLARS
10 (\$295,335.00) in separate cashiers' checks as follows:

11 A. Civil penalties in the amount of TWO HUNDRED TWENTY-FIVE
12 THOUSAND DOLLARS (\$225,000.00) pursuant to Business and Professions Code
13 sections 17206 and 17536, **made payable to "The County of Orange."**

14 B. Costs of investigation in the amount of FIFTY-FIVE THOUSAND
15 THREE HUNDRED AND THIRTY-FIVE DOLLARS (\$55,335.00) as follows:

16 1.) Division of Measurement Standards: \$48,135.00 made payable to
17 **The Cashier of the Department of Food and Agriculture, Division of**
18 **Measurement Standards, PCA Code 55001.**

19 2.) Orange County District Attorney: \$7,200.00 made payable to **The**
20 **Orange County District Attorney's Office.**

21 C. Cy Pres Restitution, in the amount of FIFTEEN THOUSAND DOLLARS
22 (\$15,000.00) paid by a **separate cashier's check made payable to The Cashier of the**
23 **Department of Food and Agriculture, Division of Measurement Standards, PCA**
24 **Code 55001.** This *cy pres restitution* is in recognition of the infeasibility of identifying
25 injured consumers who suffered loss, and the impracticality of providing direct
26 restitution to said consumers, pursuant to 17203 and 17535. This sum must be used by
27 the Division of Measurement Standards for the purpose of enhancing the sampling,
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1 laboratory testing, investigation and enforcement of fuels, lubricants and automotive
2 products sold to consumers.

3 7. All payments made pursuant to this Judgment must be sent by overnight delivery
4 service to the following address:

5 Orange County District Attorney's Office
6 Consumer Protection Unit
7 401 Civic Center Drive West
8 Santa Ana, California 92701-4575
9 Attention: DDA MICHELLE CIPOLLETTI

10 8. All cashier's checks must be held in trust by the District Attorney, and under no
11 circumstances may be cashed unless and until notice has been received that this Judgment has
12 been entered in the Superior Court of California, County of Orange, Central Justice Center.

13 **ADDITIONAL PROVISIONS**

14 9. This Final Judgment fully and finally resolves only those matters specifically set
15 forth in the allegations of the Complaint filed in this action, for conduct that occurred before the
16 entry of this Judgment.

17 10. Nothing in this Judgment may be construed as relieving Defendant of its
18 obligation to comply, or as prohibiting Defendant from complying, with all applicable local,
19 state and federal laws, regulations or rules, nor may any of the provisions of this Judgment be
20 deemed to be permission to engage in any acts or practices prohibited by any applicable law,
21 regulation or rule.

22 11. The Injunction terminates five years from the date of entry of this Final Judgment
23 and Injunction.

24 12. The terms and enforcement of this Judgment will be governed by the laws of the
25 State of California, and venue will be located in the Superior Court of California, County of
26 Orange, Central Justice Center.

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JURISDICTION RETAINED

13. Jurisdiction is retained to enable any party to this Judgment to apply to the Court, pursuant to a duly noticed motion, for such further order and directions as may be necessary and appropriate for the construction of or the carrying out of this Judgment, including for any modification of its injunctive provisions, for the enforcement of compliance therewith, and for punishment of violations thereof.

EFFECT AND ENTRY

14. The Clerk is ordered to enter this Final Judgment and Permanent Injunction.

DATED: AUG 28 2018



JUDGE OF THE SUPERIOR COURT
RICHARD Y. LEE